

AMENDED IN SENATE JULY 16, 2003

AMENDED IN SENATE JULY 3, 2003

AMENDED IN ASSEMBLY MAY 23, 2003

AMENDED IN ASSEMBLY MAY 8, 2003

AMENDED IN ASSEMBLY APRIL 24, 2003

AMENDED IN ASSEMBLY APRIL 7, 2003

CALIFORNIA LEGISLATURE—2003–04 REGULAR SESSION

## ASSEMBLY BILL

**No. 1627**

**Introduced by Assembly Member Frommer  
(Coauthor: Assembly Member Matthews)**

February 21, 2003

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An act to add Article 11 (commencing with Section 1339.50) to Chapter 2 of Division 2 of the Health and Safety Code, relating to health facilities.

### LEGISLATIVE COUNSEL'S DIGEST

AB 1627, as amended, Frommer. Payers' Bill of Rights.

Under existing law, the State Department of Health Services regulates the licensure and operation of health facilities, including hospitals. Under existing law, violation of these provisions, or any rule or regulation adopted thereunder, constitutes a misdemeanor.

This bill would establish the Payers' Bill of Rights. The bill would require a hospital that uses a charge description master, as defined, to ~~provide~~ *make available for inspection onsite* a written or electronic copy, ~~free of charge~~, to any person upon request, and to take other

specified actions. This bill would also require a hospital to post a notice, as specified, that informs patients that the hospital's charge description master is available upon request. The bill would prohibit a hospital from conditioning acceptance of a contract with a health care service plan or health insurer on waiving any provision of the bill.

~~This bill would authorize the department to impose a specified fine for a violation of the bill. The bill would authorize any person to file a claim with the department alleging violation of the bill, and would require the department to investigate and inform the complaining person of its determination whether a violation has occurred and what action it will take.~~

This bill would also require that each hospital file a copy of its charge description master and other information with the Office of Statewide Health Planning and Development, and would impose related reporting requirements.

By imposing new requirements on hospitals, this bill would create new crimes, thereby imposing a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: yes.

*The people of the State of California do enact as follows:*

1 SECTION 1. Article 11 (commencing with Section 1339.50)  
2 is added to Chapter 2 of Division 2 of the Health and Safety Code,  
3 to read:

4  
5 Article 11. Payers' Bill of Rights

6  
7 1339.50. This article shall be known and may be cited as the  
8 Payers' Bill of Rights.

9 1339.51. (a) A hospital, as defined in subdivision (a), (b), or  
10 (f) of Section 1250, that uses a charge description master shall  
11 ~~provide a written or electronic copy free of charge to any person~~  
12 *make available for inspection onsite a written or electronic copy*

1 *to any person* upon request, segregated by types of services  
2 provided. If the hospital has an Internet Web site on which it posts  
3 its charge description masters, it may comply with this section by  
4 providing the requester with the Internet Web site address. This  
5 posting shall be in a format that can be downloaded.

6 (b) For purposes of this article, “charge description master”  
7 means a uniform schedule of charges represented by the hospital  
8 as its gross billed charge for a given service or item, regardless of  
9 payer type.

10 (c) For purposes of this article, “office” means the Office of  
11 Statewide Health Planning and Development.

12 (d) The hospital shall post a clear and conspicuous notice in its  
13 emergency department, if any, in its admissions office, and in its  
14 billing office that informs patients that the hospital’s charge  
15 description master is available upon request.

16 (e) *Any information about charges provided pursuant to*  
17 *subdivision (a) shall include information about hospital quality,*  
18 *including hospital outcome studies available from the office and*  
19 *hospital survey information available from the Joint Commission*  
20 *for Accreditation of Healthcare Organizations.*

21 1339.52. A hospital may not condition acceptance of a  
22 contract with a health care service plan or health insurer upon the  
23 health care service plan or health insurer waiving any provision of  
24 this article.

25 ~~1339.53. (a) The department may fine a hospital up to five~~  
26 ~~thousand dollars (\$5,000) per violation of any provision of this~~  
27 ~~article, pursuant to the provisions of Article 5 (commencing with~~  
28 ~~Section 1294).~~

29 ~~(b) Actions taken by the department pursuant to this section~~  
30 ~~shall not preclude any other remedy by a health care service plan,~~  
31 ~~health insurer, or other party that is available under contract or any~~  
32 ~~other provision of law.~~

33 1339.54. Any person may file a claim with the department  
34 alleging a violation of this article. The department shall investigate  
35 and inform the complaining person of its determination whether  
36 a violation has occurred and what action it will take.

37 1339.55. (a) Each hospital shall file a copy of its charge  
38 description master annually with the office, in a format determined  
39 by the office.

(b) Each hospital shall calculate an estimate of the percentage increase in the hospital's gross revenue due to any price increase for charges for patient services during the 12-month period beginning with the effective date of the charge description master filed with the office. The office shall compile and publish this information on its Internet Web site.

~~1339.56. Each hospital shall compile a list of the average charges for the 25 goods, services, or procedures charged to the greatest number of patients. Each hospital shall make this list available to any person upon request. The hospital shall file this list with the office.~~

*1339.56. The office shall develop a list of 25 goods, services, or procedures most commonly charged to patients. Each hospital shall make a list of charges for these goods, services, or procedures available to any person upon request. The hospital shall file this list with the office. The office shall make available on its Web site a summary of each hospital's charges.*

1339.57. The office shall compile a list of the 10 most common Medicare diagnostic related groups (DRGs) and the average charge for each of these DRGs per hospital. The office shall publish this information on its Internet Web site.

*1339.58. Any information provided by the office on its Internet Web site pursuant to Section 1339.56 or 1339.57 shall inform persons where quality of care information about hospitals may be obtained, including hospital outcome studies available from the office and hospital survey information available from the Joint Commission for Accreditation of Healthcare Organizations.*

*1339.59. A hospital shall be in violation of this article if it knowingly or negligently fails to comply with the requirements of this article.*

SEC. 2. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because the only costs that may be incurred by a local agency or school district will be incurred because this act creates a new crime or infraction, eliminates a crime or infraction, or changes the penalty for a crime or infraction, within the meaning of Section 17556 of the Government Code, or changes the definition of a crime within

1 the meaning of Section 6 of Article XIII B of the California  
2 Constitution.

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